

# Performance for Sale

## Performance Measurement, Vote-buying, and Evidence from English Local Government

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### Abstract

This paper argues that studies of distributive public policy should consider a greater range of instruments than just grants and projects. It argues that performance scores allocate benefits in the same way and present electoral incentives. We present a formal model of public good provision in which performance ratings influence the allocation of perquisites to electoral constituencies. Among other things, our model predicts that the core government constituencies will get less favourable ratings while marginal opposition constituencies will get favourable ones. We show supportive evidence in a panel dataset of performance ratings in English local government from 2002-05.

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## 1 Introduction

Studies of distributive public policy usually focus on public expenditures as the reward that central agencies seek to allocate to politically important jurisdictions. Money is a uniquely fungible good, which can be moved from location to location, allocating benefits to resident populations and other spatially differentiated interests. Pork-barrel studies have identified funding allocations, such as project grants and funding formulae, as the preferred objects of political influence. These works have proliferated in the US (Ferejohn, 1974; Stein and Bickers, 1995; Rundquist and Carsey, 2002; Evans, 2004, for example), but have also appeared in other countries in recent years (Lancaster and Patterson, 1990; Dahlberg and Johansson, 2002, for example). While authors may debate the range and extent of political manipulation of public funds, there is little doubt that the practice has occurred over long time periods, in a large number of locations and under different institutional arrangements.

The impact of expenditure allocation decisions may be mediated by the impact of the efficiency and influence of the bureaucracy and a range of other factors that lie between the decision to allocate resources and citizens perceiving the benefits (Arnold, 1979). If the money goes to areas without being fully appreciated by the populations that live there, then the politicians who bear the risk of manipulating political allocation may in effect be throwing such fiscal stimuli 'in the air' rather than getting them to the voters they court. Affecting the manner in which citizens perceive how well administered the services they are getting may be an additional means of buying votes, which has the advantage of being low-cost and less susceptible to detection than funding decisions, especially when the performance ranking decisions rest with an arms-length, independent agency.

In spite of the focus of studies of distributive politics, there is no theoretical reason to restrict the allocation of political benefits to fiscal policy, because policy-making confers a range of benefits, not all of which are represented by higher or lower levels of grant or project spending. We argue that in addition to fiscal policy, rational politicians have incentives to distribute performance scores to maximize political gains. Citizens want to see good performance from their local agencies so they may attribute blame to poor performance and reward to good scores. Evidence suggests that citizens punish English local governments for poor performance with votes against the incumbent administration (James and John, 2007). Thus, tipping the scores will yield a benefit to the political principals at the centre both to their own votes for national office. To account for the different kinds of benefits and

political interests at stake, we present a formal model of the performance allocation decision. We seek to test two key implications of the model in English data, using a panel of four years from a performance scheme for local authorities.

## 2 Performance measurement

Performance measurement scores have expanded in range and number in recent years, with regimes in the UK, the European Union, in the context of many new and mutually reinforcing public management reforms. The measurement of public sector performance is an area of high interest in the public management community (Hood et al., 1999; Pollitt and Bouckaert, 2004, for example), yielding studies of the impact of performance measure on performance itself and its unintended consequences, and studies of the impact of factors, such as leadership (Andrews et al., 2005; Greasley, 2007), deprivation (Gutiérrez-Romero et al., 2008; Andrews et al., 2005), social capital, networks (Meier and O'Toole, 2001; Hicklin et al., 2007) and management (Meier et al., 2007; Andrews, 2007).

These studies postulate what might be considered an “internal” theory of performance: administrators have an incentive improve their scores, correspondingly improving performance. The internal predictors of performance do not concern us here, but in addition performance scores are supposed to be perceived by the citizen as a way of encouraging voice or possibly exit to another service provider so as to stimulate performance. Much research discusses the constraints on this relationship and a large number of untended consequences that arise from performance regimes, which mediate or interfere with the relationship (Propper and Wilson, 2003, for example).

For English local authorities, these forms of measurement started to be used in the 1990s with work on individual scores promoted by the central, but independent, body the Audit Commission. The Labour governments elected since 1997 have used performance indicators to evaluate the impact of the large rises in public expenditure. For local government, parliamentary legislation in 1999 introduced a best-value regime, which included a large number of performance indicators. Partly in response to its complexity, a review in 2001-2002 created the Comprehensive Performance Assessment (CPA), again administered by the Audit Commission, which simplified the indicators into an overall five point score (poor, weak, fair, good and excellent). The scheme was reformed in 2006, but the same basic categorizations

of performance remain, permitting a comparison across the five years.

It is important for central government to ensure that such schemes are independent from political interference so that they may be judged fairly by client groups and by the citizens themselves. To make this commitment credible, the government vested such performance measurement in the hands of the independent Audit Commission, which has been in existence since 1982. Such independence presents an additional constraint on the exercise of political manipulation because there is no command and control mechanism between the political principal and the agency; the principal has to rely on the indirect contacts and anticipated reactions, which reflect the calculation of the long term interest of the agency and the skill of government actors in conveying their preferences. Being subject to political manipulation is costly to the agency, which may lose its reputation for even handedness, which allow it to carry out its regulation function and maintain its constituency base in local government for which it depends on for political support. In our model, and in contrast to most political science models of pork-barrel politics, we conceive of the Audit commission as an independent rater.

There are very few discussions of the decision-making process behind performance scores, and those that exist are rather general even if they are critical (Wilson, 2004). The extant literature cannot conclude anything other that regulators do their best job in allocating performance scores to the information they have without any other external constraints and that the measures are a good proxy for what they seek to measure. While not undermining the validity of the link between objective and measured performance, we argue that incentives for manipulation exist. Hood et al. (1999) argue that in contrast to regulation outside government, there is less accountability and transparency of regulation inside government, given lack of performance information about the efficiency of internal regulatory decisions. Decisions about performance are made largely without public scrutiny. Performance measurement regimes, especially of the summative kind in vogue, often contains an element of discretion on the part of the regulator through the application of judgements of the inspectors and the gathering together and balancing out of quantitative and quality information from a variety of sources. These judgements are likely to be broadly based because of the form of delegation of powers from central government to these agencies—agencies report to ministers, who appoint their board and commissioners (Bertelli, 2008, for example).

Given that performance regimes confer benefits on authorities and their voters, that raters have discretion as to allocate their scores, and that there

are political advantages from particular geographic distributions of scores, we expect the political manipulation of those scores. Our theoretical model and empirical results provide support for this claim. While our findings extend the purview of pork-barrel studies, they have significant implications for research on performance management. They bring to bear a gap in the understanding of the management of performance information that has hitherto seen performance decisions as part of the black box in the state, directing attention to decision-making at a higher level than strategic interaction in implementation. Understanding the full range of determinants of the dependent variable used in so many studies becomes crucial if fully specified models are to emerge.

### **3 Theories of political manipulation and performance**

We present a formal theory of the politics of performance measurement in which the quality of ratings is determined exogenously in the setting of pure public goods provision (Samuelson, 1954, 1955). Though our approach to the performance measurement problem is very different that accounts of expenditure pork-barreling centered on legislative voting that have been influential in political science, we cover similar ground.

Cox and McCubbins (1986) have shown that the location and magnitude of targeted spending by risk-averse candidates favors 'core supporters.' By modeling voter utility as a function of policy and private consumption, Dixit and Londregan (1996) show a contrasting result that spending targets 'swing' voters near the indifference point between competing candidate policies. In a recent contribution, Stokes (2005) derives a similar result by weakening commitments by politicians (failing to spend as promised) and voters (conscience voting in the booth) providing evidence from Argentina. Though following from a different modeling strategy, our results are consistent with the predictions of Dixit and Londregan (1996) and Stokes (2005). We model qualitative performance ratings similarly to targeted spending but face additional complication of the rater's independence from the politician. In addition to what we believe is a more accurate description of the CPA case, it is this complication that leads us to the public goods approach as developed in Porto and Sanguinetti (2001) and Khemani (2003).

## 4 Model

Our model is one of public goods provision in which the role of the performance rater enters exogenously.<sup>2</sup> The role of the rater is to provide information to the central government and public about the local government's true price of producing a public good.

That information—the performance rating—theoretically influences the central government's decision to provide a complement of perquisites to the local authority. Higher ratings yield more perquisites. These perquisites represent the notion of “earned autonomy” granted to the local authorities via the CPA, which in turn provides benefits to citizen-voters.<sup>3</sup> Yet even if earned autonomy does not mean a precise increase in funding, generally favorable treatment provides perquisites that are enjoyed by voters and client groups.

### 4.1 *The citizen-voters*

We model citizen-voters in two constituencies,  $i$  and  $j$ . There are two political parties in the nation, the *government* party and the *opposition* party. The voters in  $i$  have a government incumbent in parliament while the voters in  $j$  are represented by the opposition. All citizen-voters draw utility from the consumption of a private good  $X$  and a public good  $G$  in the same way.

$$\begin{aligned}U_i &= a \ln(X_i) + (1 - a) \ln(G_i) \\U_j &= a \ln(X_j) + (1 - a) \ln(G_j)\end{aligned}$$

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<sup>2</sup> Though the creation of the performance rater is an interesting question (Banks and Weingast, 1992, for example), it is outside our present scope. Rather, we take an approach that bears analogy to the Volden (2002, 113) theory of US presidential appointments in delegation to independent commissions. He claims that “[i]n reality, presidents ... cannot set and perfectly control agency preferences,” allowing the ideology of appointees to enter exogenously and to be studied via comparative statics. The role of the Office of the Commissioner of Public Appointments in the selection of staff for the UK's independent non-departmental public bodies—such as the Audit Commission—provides substantive rationale for this treatment.

<sup>3</sup> The concept of earned autonomy “links some freedoms and flexibilities with a certain level of assessed performance. ... the distribution of central government grant assumes a dominant importance in a local government finance system in which Whitehall funding ... accounts for 75 per cent of local government's financial base” (Haubrich and McLean, 2006, 93).

where  $0 < a, b \leq 1$ .

Given this preference symmetry, we can concentrate on a single characteristic citizen-voter in district  $i$  for the moment. The efficiency of the local government in district  $i$  enters the model parametrically and as the subject of the *performance rating*,  $r_i$ , is a function of the true price,  $\theta_i$ , of producing the public good and the *rater bias*,  $\xi_i$ . Thus,  $r_i = \theta_i + \xi_i$  where  $r_i \in [0, 1]$ . The rater bias is exogenous noise about efficiency of the local government in that a higher  $\theta$  suggests less efficiency (higher price) in producing  $G$  and vice versa.

The  $N_i$  citizens or region  $i$  pay taxes that depend on the price and quantity of the public good consumed.

$$\tau_i = \frac{\theta_i G_i}{N_i}$$

Taxes depend on the true price of the public good, but not the performance rating, which affects the prerequisites of earned autonomy as described below.

A lump-sum  $\Delta$  represents those prerequisites set aside by the government for the entire polity (in our case, constituencies  $i$  and  $j$ ). This *aggregate prerequisite level* is distributed across constituencies via the performance rating. We consider these prerequisites to affect the citizen-voter's consumption choices through the resources  $Y_i$  available to her. The citizen-voter's budget constraint is thus:

$$Y_i = X_i + \frac{\theta_i G_i}{N_i} - Y_i - \frac{(\theta_i + \xi_i)^2 \Delta}{N_i}$$

The characteristic citizen-voter in constituency  $i$  maximizes her utility subject to the budget constraint. From the first-order conditions, we learn the optimal levels of private and public good consumption.

$$X_i^* = \frac{(Y_i N_i + \Delta \theta_i^2 + 2 \Delta \theta_i \xi_i + \Delta \xi_i^2) a}{N_i} \quad (1)$$

$$G_i^* = - \frac{(-1 + a) (Y_i N_i + \Delta \theta_i^2 + 2 \Delta \theta_i \xi_i + \Delta \xi_i^2)}{\theta_i} \quad (2)$$

Samuelson (1954, 1955) showed that in the case of a pure public good, as  $G$  is in our model, a first-order Pareto condition must hold within each con-

stituency. Pure public goods benefit all members of the constituency simultaneously, the valuation of  $G$  for each individual must be accounted for in its allocation. Thus, the marginal rate of substitution of  $G$  for  $X$  for all  $N_i$  individuals must be equal to the marginal rate of transformation of  $G$  into  $X$ . Given the identical utility functions of all citizen-voters, the condition is met as follows.

$$\frac{\frac{\partial U_i}{\partial G_i}}{\frac{\partial U_i}{\partial X_i}} N_i = \theta_i$$

The identical utility functions for the voters also imply that the optimal consumption levels in constituency  $j$ ,  $\{X_j^*, G_j^*\}$  are simply (1) and (2) with subscripts appropriately corresponding to values for  $j$ .

## 4.2 Central Government

In our model, the citizen-voters vote for politicians in the central government probabilistically (Coughlin, 1992). The probability that the characteristic voter in  $i$  votes for the government,  $p_i \in [0, 1]$  increases in the natural logarithm of the citizen-voter's indirect demand for the private and public goods  $\{X_i^*, G_i^*\}$  (Bernoulli, 1954), and because  $i$  is a constituency with a government incumbent, also increases in the *electoral advantage of the government*  $\beta > 0$ . Constituency  $j$  favors the opposition, so the probability that the characteristic voter in  $j$  votes for the government  $p_j \in [0, 1]$  increases in  $\{X_j^*, G_j^*\}$  but decreases in  $\beta$ .

$$\begin{aligned} p_i &= \alpha \ln(X_i^* + \beta) + (1 - \alpha) \ln(G_i^* + \beta) \\ p_j &= 1 - (\alpha \ln(X_j^* - \beta) + (1 - \alpha) \ln(G_j^* - \beta)) \end{aligned}$$

where  $0 < \alpha \leq 1$ . Note the manner in which the government's electoral advantage operates on both the indirect demand for private and public goods in determining the probability of voting for the government (see also Khemani 2003, 10).

The government maximizes the total votes it receives by choosing the aggregate level of perquisites,  $\Delta$ , to be distributed to the citizen-voters via the earned autonomy mechanism.

$$\max_{\Delta} p_i N_i + p_j N_j \tag{3}$$

The performance rater controls its own bias  $\xi$ , which effects the amount of perquisites  $\delta$  that flow to citizen-voters via the performance rating  $r$ . As noted, the rater's actions enter into the model parametrically as they are taken to be exogenous. We take a strong view of rater independence; the rating cannot be affected by the central government in its vote-maximizing choice ( $\xi, \theta, G$  are not choice variables for the central government).

The government cannot distribute more in perquisites the citizen-voters in constituencies  $i$  and  $j$  than it receives in total tax revenue. Thus, it faces a budget constraint as follows.

$$R = \delta_i + \delta_j - N_i\tau_i - N_j\tau_j$$

From the first-order conditions on the central government's problem, the optimal level of  $\Delta$  is:

$$\Delta^* = \frac{N_i N_j (\theta_j G_j + \theta_i G_i)}{N_j \theta_i + N_j \xi_i + N_i \theta_j + N_i \xi_j} \quad (4)$$

Note that the optimal aggregate perquisite level decreases in rater bias in either government or opposition constituencies. To examine the equilibrium more fully, we substitute (4) into (3) to find the government's equilibrium vote share which we shall call  $\Gamma^*$ . Applying the implicit function theorem to  $\Gamma^*$  provides several interesting comparative static results.

$$\text{Result 1: } \frac{\partial \Gamma^*}{\partial \xi_i} > 0 \text{ and } \frac{\partial \Gamma^*}{\partial \xi_j} < 0$$

By differentiating the optimal vote-share function, we observe the cost of the rater's independence to the government's electoral goals is clear in the first result. Increases in rater bias  $\xi_i$  in the government's core constituencies (those held by government incumbents) decrease the government's total vote share  $\Gamma^*$ . Alternatively, rater bias in the opposition constituencies increases the government's vote total.

$$\text{Result 2: } \frac{\partial \beta}{\partial \xi_i} < 0 \text{ and } \frac{\partial \beta}{\partial \xi_j} > 0$$

In constituencies with government incumbents, increases in rater bias correspond to decreases in government's electoral advantage  $\beta$ , i.e., those constituencies become electorally *safer for the government*.<sup>4</sup> However, in constituencies represented by the opposition, increases in rater bias correspond

<sup>4</sup> Note that a strict interpretation of this prediction is that the effect is not isolated within a safe constituency but in the overall government electoral advantage. Allowing for separate  $\beta_i$  and  $\beta_j$  yields similar results.

to decreases in the government's electoral advantage, i.e., those constituencies become *marginal for the opposition*. Because  $r_i = \theta_i + \xi_i$ , for constant  $\theta_i$  the performance rating declines in government constituencies as they become safer. As before, for constant  $\theta_j$  the performance rating is expected to rise in such opposition marginals.

The government's electoral advantage increases its vote share across constituencies ( $\frac{\partial \Gamma^*}{\partial \beta} > 0$ ). For a given government electoral advantage  $\beta$ , result 1 suggests that performance ratings that depart from the true price of the public good in the constituency are more helpful to the government's electoral objective when they are given in core government constituencies. The equilibrium effect of those biased ratings, however, works inversely to the government's electoral advantage. From result 2 and the definition of  $r$ , we see that performance ratings increase with the government's electoral advantage in opposition marginals.

*Result 3:*  $\frac{\partial \Delta^*}{\partial \xi_i} < 0$  and  $\frac{\partial \Delta^*}{\partial \xi_j} < 0$

Result 3 shows that for its part, the central government decreases its optimal level of perquisites in both its own and in opposition constituencies. No central government favoritism to the rater's activity in its aggregate perquisite choice is perceptible in equilibrium. Deviations from the true  $\theta$  draw down the aggregate level of perquisites  $\Delta$ , reducing the possibility of earned autonomy nationwide.

*Result 4:*  $\frac{\partial \Delta^*}{\partial \theta_i} > 0$  and  $\frac{\partial \Delta^*}{\partial \theta_j} < 0$

When the efficiency of the locality is considered, a bias is perceptible. More efficient (lower  $\theta$ ) opposition constituencies are associated with an increase in the overall level of perquisites that central government provides. By contrast, less efficient government-held constituencies are associated with higher overall levels of perquisites.

## 5 Some empirical evidence

In this section, we empirically examine two hypotheses suggested by the foregoing theoretical model.

*Hypothesis 1:* CPA ratings decrease with the government's electoral advantage in government-held constituencies.

*Hypothesis 2:* CPA ratings increase with the government's electoral ad-

vantage in opposition constituencies (opposition marginals).

## 5.1 *Data and Methods*

To examine these hypotheses, we use panel data from the 2002-2005 CPA for the 148 local authorities in England. Since CPA scores are assigned to local authorities and our theory makes predictions that concern central government, or Westminster parliamentary elections, we must relate local authorities to Westminster constituencies in a straightforward way. Our unit of analysis is the local authority–constituency dyad. Our dependent variable is constructed as a *weighted CPA score* where the weighting is performed by multiplying a local authority’s CPA score by the number of census addresses in the Westminster constituency that are also located in the local authority. The address information was retrieved from CONVERT, a geocoding system provided by Manchester Information and Associated Services (MIMAS). The product of the address weight and the CPA score is then monotonically transformed by taking the natural logarithm.

Since the incumbent governing party was Labour throughout the sample period, we employ *Labour vote percent*, the vote share for the Labour party as a proxy for the government’s electoral advantage in the national election ( $\beta$ ). We code local authority vote share as per cent of the electorate voting for a party across all votes cast in local election using the annual *Local Elections Handbook* produced by the University of Plymouth for the years 2002-2006. Where there are multi-member wards, these volumes calculate the vote share of the highest placed candidate for each party. In the UK local elections sometimes occur every four years (e.g. London and the Counties) others elect a third of the councillors every year with rest years one in four. We report vote shares for election years and use this figure for subsequent years if there is no election.

To denote government and opposition constituencies, *Labour constituency* takes a value of one if the dyad contains a Labour MP and *Opposition constituency* takes a value of one if the dyad contains a Conservative or Liberal Democrat MP.<sup>5</sup>

The seniority of MPs may be expected to increase their influence (Norton and Wood, 1993). We include a variable measuring *seniority* that captures the number of years in which the MP serving the constituency included in

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<sup>5</sup> Including minor parties in as opposition constituencies does not materially change the results.

the dyad has served in Parliament per *Dod's Parliamentary Companion*.

We control for the most prominent known factors that influence performance. We use the 2004 *Index of Multiple Deprivation* score which is an official composite measure based on seven kinds of deprivation. Andrews et al. (2005) argue that larger authorities get higher scores, with *population* for each local authority drawn from the 2001 Census. They also show that types of authority vary in performance ratings. We include an indicator of *London* and Metropolitan authorities as a control.<sup>6</sup> These authorities may get higher scores because of access to a better pool of officers and proximity to performance enhancing networks. On the other hand, London and Metropolitan authorities may have above average kinds of stress from large cities, have high workforce turnover and loss of bureaucrats to other sectors.

Members of the Audit Commission are appointed by the Department for Communities and Local Government (CLG), following consultation with key stakeholders. It is possible that they have sources of geographic favoritism that require statistical control. For example, membership on the Audit Commission could yield benefits (in the form of higher scores) to the local authority with which the commissioner is connected. We examine four types of connections, a past connection indicates membership during the year before the CPA was announced. As the CPA for a current year is announced in December, the current year denotes membership from 1 December the previous year up until 30 November of the CPA year. These connections are coded as dummy variables for *current councilor*, *past officer*, *current formal position*, and *past formal position* (such as chairing a body in the local authority).

Summary statistics for all variables included in the model appear in table 1.

## 6 Results

To test the hypotheses, we estimate two random effects panel models, which examine respectively government and opposition constituency effects on performance. The hypothesized effects are tested via interaction terms. Hypothesis 1 is supported if the interaction between the Labour constituency indicator and Labour vote share is negative in the first model. Similarly, hypothesis 2 is supported if the interaction between opposition constituency

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<sup>6</sup> Models with fixed effects for each type of authority provide substantively similar results.

**Table 1**  
**Summary statistics**

Variable	Mean	Std. Dev.	Min.	Max.	N
Weighted CPA Score	0.442	0.978	-7.131	1.609	3190
Labour Vote Percent	31.692	11.112	4.4	64.400	3190
Opposition Incumbent MP	0.534	0.499	0	1	3190
Labour Incumbent MP	0.466	0.499	0	1	3190
Labour*Labour Vote Percent	15.309	17.953	0	64.400	3190
Opposition*Labour Vote Percent	16.382	17.405	0	64.400	3190
Index of Multiple Deprivation	23.018	9.868	5.09	49.78	3190
Population (ln)	12.847	0.690	10.451	14.1	3190
Current councillor on AC	0.074	0.261	0	1	3190
Past officer on AC	0.028	0.166	0	1	3190
Current formal LA position on AC	0.064	0.245	0	1	3190
Past formal LA position on AC	0.005	0.068	0	1	3190
Metropolitan Authority	0.254	0.435	0	1	3190
County Authority	0.401	0.49	0	1	3190
Unitary Authority	0.201	0.401	0	1	3190
2003	0.2	0.4	0	1	3190
2004	0.2	0.4	0	1	3190
2005	0.2	0.4	0	1	3190
2006	0.199	0.399	0	1	3190

and Labour vote share in the second model. Multicollinearity between the two variables, but they also allow us to test out the separate implications of the model. Standard errors are robust, clustered on parliamentary constituency.

Our confidence in the random effects specification is due to several statistical tests. Fixed effects specifications suggest very substantively similar results for the time-varying variables of interest. Hausman specification tests with  $H_0$  that the difference in coefficients across fixed and random effects models support cannot reject the null. For the model testing hypothesis 1 (table 2), the test yields  $\chi^2_{(7)} = 12.28$  with  $p = .10$ . For the model testing

hypothesis 2 (table 3), the test yields  $\chi^2_{(7)} = 3.23$  with  $p = .86$ . Since we are interested in time-invariant covariates and the  $p$ -value for the Hausman test in the first model was close to significance, we regressed the predicted fixed effects from each model separately on all time invariant characteristics in the reported models using an appropriate standard error corrections (Murphy and Topel, 2002). Those results were nearly identical to the coefficients reported and displayed no substantive differences.

Table 2 presents the government model. Hypothesis 1 is supported by the negative and significant interaction term. In constituencies in which the incumbent MP is of the government's party, CPA scores increase with the government's vote share in local elections. Results show no independent effect of opposition or government vote share.

Counter to our expectation seniority is not a predictor. In contrast to Norton and Wood (1993), we do not find that MPs experience and contacts built up over time benefits their constituencies.

We do find that a local area's representation on the Audit Commission affects performance scores. Current role is a significant predictor, whereas past role is not, which is as expected because former politicians and bureaucrats will not have access to information or a current advantage as the currently serving ones do. But the effect works in opposite ways. For currently serving politicians the effect is positive as expected: politicians want better scores for their councils to help re-election and they have an interest in conveying useful information to the Commission. But officers seem to create worse scores for their authorities.

Why should this work in the opposite way? For one bureaucrats have different interests than politicians and do not depend on re-election in the same way so they do not have the same incentive to pork barrel, and the pork barrel literature does not focus on them either. Bureaucrats also need to maintain their reputation among their peers and with the regulators. They do not have a personal interest in perpetuating images of good performance when they are not justified. They have access to information about the real performance that they may make available to the Commission. It may be the case that the adherence to career enhancing notions of impartiality may mean they do not take advantage not just of the selective information from the Audit Commission, but more generally among their networks in an attempt to be impartial in their role. Further theoretical research is necessary to fully understand the nature of these effects.

The controls in the model operate as expected and as the literature suggests.

**Table 2**  
**Government Constituency Effects on Overall CPA Ratings, 2002-2005**

	Fixed		Between		Random	
Labour VS	-0.003*	[0.002]	-0.002	[0.001]	-0.002	[0.001]
Labour MP	0.066*	[0.036]	0.062*	[0.033]	0.062*	[0.036]
LMP*LVS	-0.002*	[0.001]	-0.002**	[0.001]	-0.002*	[0.001]
IMD 2004			-0.006**	[0.003]	-0.006**	[0.003]
Population (ln)			-0.174**	[0.080]	-0.174**	[0.081]
Current Councilor			0.129	[0.088]	0.129	[0.085]
Past Officer			-0.916***	[0.197]	-0.916***	[0.203]
Current Formal			0.095	[0.088]	0.095	[0.089]
Past Formal			0.088	[0.080]	0.088	[0.088]
Metro			-0.349***	[0.075]	-0.349***	[0.084]
County			1.178***	[0.122]	1.178***	[0.128]
Unitary			-0.201**	[0.092]	-0.201**	[0.101]
2003	0.037***	[0.010]	0.038***	[0.008]	0.038***	[0.009]
2004	0.142***	[0.014]	0.144***	[0.012]	0.144***	[0.013]
2005	0.146***	[0.018]	0.149***	[0.016]	0.149***	[0.018]
2006	-0.083***	[0.023]	-0.082***	[0.020]	-0.082***	[0.022]
Constant	0.477***	[0.059]	2.506**	[0.997]	2.505**	[1.011]
N	3190		3190		3190	
Clusters	526				526	
Within $R^2$	0.233				0.233	
Between $R^2$	0.035				0.535	

White (1980) standard errors clustered on parliamentary constituency in brackets

Reference category for LA type is London and reference year is 2002

\*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$

Deprivation pulls down performance; population size improves it. The type of authority has no impact, which may reflect the double-sided nature of the advantages and disadvantages of a London or metropolitan location. The variables controlling for year control for the well-known tendency for the scores to drift upwards, which they do for each year of the panel.

Table 3 presents the results for Opposition constituencies. Hypothesis 2 is supported in the positive and significant interaction term. As an opposition-held constituency becomes marginal favoring the government (Labour vote share in local elections increases), CPA scores rise. There is no need to comment on most of the terms in the model because they have the same impact as in Table 2. Here we find that Labour vote is independently negative and significant. Opposition constituencies do not get better scores independently of the government's electoral advantage—there is no impact here as with government constituencies in table 1. As in table 2, seniority of the MP is not a significant predictor.

## 7 Conclusion

We began with the assertion that studies of distributive public policy should direct their attention beyond decision-making regarding the geographic allocation of funds. This claim not only is of interest to students of the pork barrel, it addresses a central and growing concern of the literature on public management that seeks to understand performance measurement and its impact and use performance measures as a dependent variable in studies of networks, management and leadership. There is an interest in the impact of these scores and in how to explain them. It seems remarkable that in contemporary public management scholarship, which seeks to understand the politics of organisations and principal-agent relationships, there is an absence of the discussion of politics in the determination of performance ratings. This gap leaves intact an underlying assumption of the objective determination of the performance reality of these organisations. In contexts such as high-stakes testing in US public schools, for example, evidence of school district reshaping of test pools to achieve higher results has been uncovered (Figlio and Getzler, 2002).

We see no reason to exclude performance scores from the factors that determine the allocation of distributive benefits more generally, and regard our work as part of a stream of academic work that links public management and political science. The findings from our study of English local governments, which is a useful case study of the use of performance management,

**Table 3**  
**Opposition Constituency Effects on Overall CPA Ratings, 2002-2005**

	Fixed		Between		Random	
Labour VS	-0.005***	[0.002]	-0.004***	[0.001]	-0.004***	[0.002]
Opposition MP	-0.066*	[0.036]	-0.062*	[0.033]	-0.062*	[0.036]
OMP*LVS	0.002*	[0.001]	0.002**	[0.001]	0.002*	[0.001]
IMD 2004			-0.006**	[0.003]	-0.006**	[0.003]
Population (ln)			-0.174**	[0.080]	-0.174**	[0.081]
Current Councilor			0.129	[0.088]	0.129	[0.085]
Past Officer			-0.916***	[0.197]	-0.916***	[0.203]
Current Formal			0.095	[0.088]	0.095	[0.089]
Past Formal			0.088	[0.080]	0.088	[0.088]
Metro			-0.349***	[0.075]	-0.349***	[0.084]
County			1.178***	[0.122]	1.178***	[0.128]
Unitary			-0.201**	[0.092]	-0.201**	[0.101]
2003	0.037***	[0.010]	0.038***	[0.008]	0.038***	[0.009]
2004	0.142***	[0.014]	0.144***	[0.012]	0.144***	[0.013]
2005	0.146***	[0.018]	0.149***	[0.016]	0.149***	[0.018]
2006	-0.083***	[0.023]	-0.082***	[0.020]	-0.082***	[0.022]
Constant	0.544***	[0.060]	2.568**	[0.999]	2.568**	[1.015]
N	3190		3190		3190	
Clusters	526				526	
Within $R^2$	0.233				0.233	
Between $R^2$	0.035				0.535	

White (1980) standard errors clustered on parliamentary constituency in brackets

Reference category for LA type is London and reference year is 2002

\*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$

show that these political variables explain an amount of the variance along side other factors. But the political relationships do not operate just in intuitive fashion. Our evidence suggests that only certain types of areas benefit from these decisions. Our test of the robustness of this model confirms the subtle applications of these incentives. In particular, it suggests that the politics of opposition and government political areas have different interests which are recognised by the political principal. We believe that both the modelling in this paper and the empirical application contribute both to political science understanding of the complexity of the reward of political interests and to public management in opening up a new line of enquiry with performance scores.

We seek to place our understanding of political manipulation into an account of UK legislative politics as well as understanding executive manipulation. Whereas studies of US politics place legislators at the core of political choices and the account of benefits and costs of policymaking, the UK is assumed to be an executive dominant system with legislators playing a collective role as part of governments and oppositions. As part of a series of works by the authors, we aim to show that this traditional account of UK politics is misplaced. Evidence suggests that pork-barrelling affects the allocation of urban funding projects, not through constituency representation, but through ministerial posts (John et al., 2004). We argue that ministerial position should be the driver of performance allocations, but also that MPs characteristics should also be a salient. We seek to show that constituency does indeed matter, alongside more executive dominant forms of political action. It is how executive and constituency politics intersect that is the key set of tradeoffs we seek to explore.

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